GOVERNMENT OF INDIA
TEXTILES
LOK SABHA

UNSTARRED QUESTION NO:2790
ANSWERED ON:19.12.2003
EXPANSION OF SPINDLE CAPACITY
UMMAREDDY VENKATESWARLU

Will the Minister of TEXTILES be pleased to state:

(a) whether the government insists that textile units should set up matching downstream capacity if they want to go for expansion of their existing spindle capacity;

(b) if so, the details of these guidelines formulated by the Government;

(c) the reaction of textile industry to such conditions;

(d) whether this will improve the scientific and technological standards of the textile sectors; and

(e) if so, the details thereof?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF TEXTILES (SHRI GINGEE N. RAMACHANDRAN)

(a) & (b) Yes, Sir. Under the Technology Upgradation Fund Scheme (TUFS), there are certain specific eligibility conditions for spinning segments. This includes that new units or capacity expansion in an existing unit will be permitted only if investment is also made in downstream matching capacity in yarn processing or weaving preparatory and/ or weaving / knitting and / or sewing thread manufacturing, which must be installed simultaneously; provided that an existing spinning unit expanding its capacity to 12,000 or more spindles but not more than 25000 spindles shall be required to install down stream permissible manufacturing capacity matching with 50% of the expanded spinning capacity.

(c) Government has received requests to permit installation of fresh spinning capacity in existing spinning mills without the condition of installation of down stream capacity to the extent of 100% or 50% of expanded capacity in the case of units having spinning capacity between 12,000 and 25,000 spindles. South Indian Mills Association (SIMA), Coimbatore vide its letter dated 10th February, 2003 has conveyed its reservation to this modification stating that the proposed amendment would result in creation of additional capacity and further add to the already existing demand and supply mismatch.

(d) & (e) Ahmedabad Textile Industry`s Research Association (ATIRA) has been asked to study the proposal for enabling the Government to take a decision.